

General Information Letter: A corporation qualified to do business in Illinois is required to file a return for any year for which a federal income tax return is required to be filed.

July 27, 2001

Dear:

This is in response to your letter dated June 15, 2001 in which you state the following:

Our office received a letter dated June 13, 2001, from Mr. William Edgar, Business Taxpayer Relations, Illinois Department of Revenue concerning the aforementioned business. This was in response to our letter requesting registration status of said company. The letter stated that the business was not registered, and requesting that any grants being awarded to this firm be held pending resolution of these matters. Included is a copy of Mr. Edgar's letter for your convenience.

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx was established to hold title to a parcel of real estate to be rented out to affiliated businesses. There will not be any employees or sales tax collected by the LLC, therefore, is there any need for them to be registered with the department? They are registered with the Illinois Secretary of State's office as a LLC.

According to the Department of Revenue ("department") regulations, the department may issue only two types of letter rulings: Private Letter Rulings ("PLR") and General Information Letters ("GIL"). The regulations explaining these two types of rulings issued by the department can be found in 2 Ill. Adm. Code §1200, or on the website <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

Due to the nature of your inquiry and the information presented in your letter, we are required to respond with a GIL. GILs are designed to provide background information on specific topics. GILs, however, are not binding on the department.

Enclosed please find a copy of the department NUC-1 Illinois Business Registration form along with the instructions. From the information contained in your letter, xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx ("xxxxx") rents Illinois property to affiliated businesses. As such, xxxxx is conducting business in Illinois and will need to complete Form NUC-1. Your letter also indicates that xxxxx is qualified to do business in Illinois and has already completed registration with the Illinois Secretary of State. Section 502(a) of the IITA describes when an Illinois income tax return is required. Pursuant to Section 501(a), an Illinois income tax return is required in two situations. The first situation is when a taxpayer is liable for Illinois income tax. The second situation is, in the case of a corporation qualified to do business in Illinois, when the taxpayer is required to file a federal income tax return, regardless of whether such person is liable for Illinois income tax.

In summary, xxxxx will need to register with the department by completing the enclosed NUC-1 form and may need to file Illinois income tax returns.

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As stated above, this is a general information letter which does not constitute a statement of policy that either applies, interprets or prescribes tax law. It is not binding on the Department. Should you have additional questions, please do not hesitate to contact our office.

Sincerely,

Heidi Scott

Staff Attorney -- Income Tax